

**Resolution #2
Local Option Taxes**

The League has supported local option tax authority in every regular session of the Legislature since 1981. This persistent and up to now dead end advocacy is based on two simple and compelling ideas:

1. Local voters are capable of determining the amount and type of taxes they will pay to support their cities; and
2. The 12 million tourists who visit Montana each year should pay a fair share of the cost of the services provided by local governments.

In the last three sessions of the Legislature, the League supported bills that would have allowed the voters in cities, towns and counties to impose a tax of up to 4% on accommodations, restaurant meals, liquor by the drink and other goods and services connected to the tourist economy. These bills also required that 25% of the revenues collected by the resort tax be shared with other local governments in five regions of the state generally drawn around the circulation areas of the major daily newspapers. These bills were limited to the tourist economy and included the revenue sharing provisions in an attempt to build support for local option authority. This strategy increased support for option taxes in each of the last three sessions of the Legislature. In 2005, the option bill passed the Senate but was stalled on a deadlock in the House Taxation Committee.

Be it resolved that the League will arrange for introduction of a bill in the 2007 Legislature to allow all cities, towns and counties to impose a voter-approved tax of up to 4% on goods and services connected to the tourist economy.

Be it further resolved that 25% of the tax collections will go into a regional revenue sharing account.

If the local option measure is rejected, the League will also support incremental increases in the population limit on the resort tax to benefit Kalispell, Livingston and other tourist destinations that do not qualify to use the current law.